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UNCLAS LILONGWE 000596

SIPDIS

STATE FOR AF/S
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DEPT PLEASE PASS TO USTR
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E.O. 12958: N/A

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SUBJECT: MALAWI LOSES MORE GARMENT JOBS

1. CHIRIMBA GARMENTS COMPANY IN BLANTYRE ANNOUNCED ON JULY 11TH IT IS LAYING OFF OF 860 WORKERS DUE TO A CONTINUED DECLINE IN ORDERS UNDER THE AGOA INITIATIVE. THE TOTAL NUMBER OF WORKERS LAID OFF AT CHIRIMBA SINCE THE BEGINNING OF THE YEAR IS 1,500. MANAGEMENT SAYS THAT NUMBER WILL CONTINUE TO GROW AS THE COMPANY SEES NO INCREASE OF ORDERS ON THE HORIZON.

2. CHIRIMBA, A TAIWANESE-OWNED COMPANY, WILL CONTINUE TO EXPORT TO THE SOUTH AFRICAN MARKET. IT STILL EMPLOYS AROUND 2,000 WORKERS. DURING THE PEAK IN AGOA ORDERS CHIRIMBA PRODUCTS WERE EQUALLY EXPORTED TO THE U.S. AND SOUTH AFRICAN MARKETS. CHIRIMBA'S CURRENT PRODUCTION FOR AGOA IS EXPECTED TO EXPIRE IN AUGUST 2005, UNLESS NEW ORDERS COME IN.

3. COMMENT: THIS CONTINUES THE TREND OF AGOA-FOCUSED TEXTILE COMPANIES SCALING DOWN OR CLOSING UP OPERATIONS AFTER THE JANUARY 1ST EXPIRATION OF THE QUOTA SYSTEM. AGOA CREATED JOBS, ONCE AT OVER 7,000, POST NOW ESTIMATES TO BE AROUND 3,000. THESE ARE STILL HEAVILY FOCUSED IN TEXTILES, WHILE THERE HAS BEEN LITTLE DEVELOPMENT OF OTHER SECTORS. END COMMENT.

GILMOUR